

# EXHIBIT 31

**DECLARATION OF MICHAEL E. ZWICK**

I, Michael E. Zwick, declare as follows:

1. I am the Senior Vice President for Research at Rutgers, The State University (“Rutgers University” or “Rutgers”) with main campus in New Brunswick, New Jersey. I have held that position since 2021. Prior to coming to Rutgers, I was the Associate Vice President for Research of the Robert W. Woodruff Health Sciences Center at Emory University and the Associate Dean of Research and Professor of Human Genetics and Pediatrics at the Emory University School of Medicine. I spent 16 years at Emory starting as an Assistant Professor in 2005.

2. I have personal knowledge of the contents of this declaration or have knowledge of the matters based on my review of information and records gathered by Rutgers University personnel, and could testify thereto.

3. Rutgers University receives substantial annual funding from the National Science Foundation (“NSF”). Rutgers receives nearly \$70M annually in funding from the NSF. In the last year, we have received \$68.7 million in funding from NSF.

4. Rutgers University intends to apply for new funding awards, and/or renewals and continuations of existing funding awards, in the next year and in future years to come.

5. The funding Rutgers University receives from NSF supports critical and cutting-edge research vital to our nation’s security, which also often has benefits for American business and the American public. Millions of Americans benefit from and depend on this research. For example:

- a. Rutgers’ Advanced computing research supports the development of AI, and advanced computing methods and algorithms to enable America to respond to

potentially crippling cyber-attacks by foreign adversaries. This technology also has potential uses by financial institutions, utility providers, and others to prevent similar attacks that could seriously damage our economy.

- b. Rutgers' NSF-funded biology research supports the development of innovations in both the agricultural and life sciences fields. NSF-funded research enables Rutgers to develop more drought and disease-resistant crops to protect the country's food supply. In addition, NSF funding allows the Rutgers Protein Databank to store a vast and diverse repository of proteins for researchers in government, academia, and industry to use to develop diagnostics, vaccines, drugs, and other therapeutic treatments. Loss of funding could slow or even stop the development of medical and other breakthroughs.
- c. Rutgers' NSF-funded chemistry research supports the development of new materials, without which breakthroughs in material science are not possible. Loss of funding will slow the pace of innovation and end promising research avenues. This will result in foreign adversaries advancing their development of new materials for defense, manufacturing, and space exploration at a faster rate than America.
- d. Rutgers NSF-funded physics research supports research in dark matter, quantum field theory, and other advanced concepts that could lead to breakthroughs in many vital scientific areas. Loss of funding will stymie discoveries that could lead to new forms of energy and a more sophisticated understanding of space and its potential for development. As with the other

funding streams, lower rates of funding will provide an opportunity for better-funded countries, adverse to the US, to surge ahead of us in research.

- e. Rutgers' NSF-funded education and training programs help to train the next generation of scientists and entrepreneurs. Funding cuts to these programs would reduce both the size and readiness of the future workforce, which would result in America falling further behind its adversaries in workforce readiness, especially in advanced fields of study.

6. Reimbursement of Rutgers's indirect costs is essential for supporting this research. NSF's cutting of indirect cost rates to 15% would preclude carrying out the kinds of research projects described in paragraph 5 in the future.

7. Indirect costs include developing and maintaining state-of-the-art laboratories and purchasing equipment like the advanced computing testbed and imaging equipment. Additionally, indirect costs support the procurement, operation, and maintenance of these critical labs and equipment and allow Rutgers to employ sufficient staff to maintain these resources and comply with the record-keeping and regulatory compliance necessary to keep the research enterprise functioning at a high level and comply with the vast number of federal government regulations. Without this critical infrastructure, we cannot conduct the same scope of research at the same high level of proficiency as we do currently.

8. For example, with respect to the areas of research described in Paragraph 4:

- a. Advanced computing research, including AI, requires purchasing and maintaining advanced computing equipment and constructing and maintaining specialized facilities.

- b. Biology research requires the development and maintenance of a complex system of research cores, including specialized facilities that house specialized equipment. This equipment may include equipment needed for microscopy, imaging, and other services.
- c. Chemistry research requires the development and maintenance of complex core facilities and labs. Equipment may include equipment needed for microscopy, imaging, and other services.
- d. Physics research requires the development and maintenance of complex core facilities and labs. Equipment may include equipment needed for microscopy, imaging, and other services.
- e. Education and training programs are critical to the development of the future workforce, and purchasing, contract management, and support services are critical to their success.

9. Physical facilities costs are one of the most significant components of indirect costs. This includes not only the usual costs of constructing and maintaining buildings where research occurs, but the very high costs of outfitting and maintaining specialized laboratory space, which can require special security, advanced HVAC systems, and specialized plumbing, electrical systems and waste management, as well as specialized laboratory equipment. The features and amount of space available to researchers directly impact the nature and amount of research that can be done at Rutgers University. Many of the research core facilities and labs that support federal-funded research are critical to successfully implementing research studies. Without the indirect costs funding them, many of the research studies would not be possible.

10. In addition, indirect costs fund the administration of awards, including staff who ensure compliance with a vast number of federal regulatory mandates from agencies such as NSF. These mandates serve many essential functions, including ensuring research integrity; protecting research subjects; properly managing and disposing of chemical and biological agents and other materials used in research; managing specialized procurement and security requirements for sensitive research; managing funds; preventing technologies and other sensitive national security information from being inappropriately accessed by foreign adversaries; providing the high level of cybersecurity, data storage, and computing environments mandated for regulated data; ensuring compliance with specialized security protocols and safety standards; maintaining facility accreditation and equipment calibration to meet research quality and security standards; and preventing financial conflicts of interest.

11. The recovery of Rutgers's indirect costs is based on predetermined rates contractually negotiated with the federal government.

12. Through fiscal year 2026, the predetermined indirect cost rates are 57% for the NSF.

13. The effects of a reduction in the indirect cost rate to 15% would be devastating. Of the \$70 million in annual NSF funding that Rutgers receives, approximately \$44.5 million consists of payment of direct costs and \$35.5 million consists of reimbursement of indirect costs. Similarly, in fiscal year 2025, Rutgers expects to receive \$70 million in NSF funding for direct costs and \$35.5 million in NSF funding for indirect costs. And over the next five years, Rutgers anticipates receiving an average of \$44.5 million from the NSF for annual direct costs. Based on the predetermined indirect cost rate of 57%, which was agreed upon by the federal government as of June 13, 2023 and applying that rate to the direct costs (as modified pursuant to the CFR), Rutgers

reasonably expects to receive approximately \$177.5 million in indirect cost recovery on an annual basis over the next five years.

14. If, contrary to what Rutgers has negotiated with the federal government, the indirect cost rate were reduced to 15% for new awards, that would significantly reduce Rutgers's anticipated annual indirect cost recovery. For example, applying the 15% rate to the anticipated modified direct costs over the next five years, Rutgers's anticipated annual indirect cost recovery would be reduced by \$26.3 million annually from \$33.5 million annually to \$9.2 million annually.

15. This reduction would deeply damage Rutgers's ability to conduct research from day one. Many of Rutgers's current research projects will be forced to slow down or cease abruptly if forced to apply for renewals at the 15% indirect cost cap. This will also necessarily and immediately result in staffing reductions across the board.

16. Rutgers has for decades relied on the payment of indirect costs. And until now, we have been able to rely on the well-established process for negotiating indirect cost rates with the government to inform our budgeting and planning. Operating budgets rely on an estimate of both direct and indirect sponsored funding to plan for annual staffing needs (*e.g.*, post-docs, PhD students, and other research staff), infrastructure support (*e.g.*, IT networks, regulatory compliance, and grant management support), and facility and equipment purchases. And in some cases, Rutgers has long-term obligations—for example, supporting tenured faculty, graduate students and postdoctoral fellows managing the IT, maintenance and other costs related to facilities, implementing research cores with high-tech equipment and expert staff—and it relies on budgeted grant funding, including associated indirect cost recovery, to fulfill these commitments. This multi-year budgeting process also assumes the availability or possibility of grant renewals at

roughly similar terms, and certainly at the negotiated indirect cost rate, as had been previously available.

17. In addition to the immediate effects and reliance interests described above, dramatically cutting indirect cost reimbursement would have longer-term effects that are both cumulative and cascading. Rutgers would likely need to close research cores that cannot be easily restarted and lay off critical support staff that cannot be easily replaced and trained.

18. Finally, slowdowns or halts in research by Rutgers and other American universities will allow competitor nations that are maintaining their investments in research to surpass the United States on this front, threatening our Nation's national security and its economic dominance. Research to support cybersecurity, the advancement of artificial intelligence, and the development of new materials would slow or cease, allowing competitor nations to gain an edge and surpass the United States in these areas.

19. Rutgers cannot cover the funding gap itself. While Rutgers maintains an endowment, using endowment funds or other revenue sources to offset shortfalls in indirect cost recovery is neither feasible nor sustainable.

22. It is also not feasible or sustainable for Rutgers to use other revenue sources to offset shortfalls in indirect cost recovery. As a non-profit institution, Rutgers reinvests nearly all its revenue into mission-critical activities, leaving little margin to absorb unexpected funding gaps. In other words, unlike for-profit organizations, Rutgers does not generate significant surpluses that could be redirected without impacting core academic priorities such as educational programs and financial aid support for students. Absorbing the cost of a lower indirect cost rate, even if possible, would create long-term budget pressures on Rutgers—which would, in turn, force reductions in key investments supporting Rutgers's faculty, students, staff, research, and teaching infrastructure,

as well as other critical activities needed to maintain Rutgers's academic excellence. So even if Rutgers could "cover" some of the indirect costs previously funded by NSF, it could do so only by negatively affecting other critical goals central to the institution's mission.

23. If Rutgers can no longer apply for NSF grants because it is unable to accept the new indirect cost rate cap, a risk that would impact our NSF grants, the harms described herein would be exacerbated. That greater loss in funding from NSF would mean more significant cost-cutting measures would need to be adopted quickly. Rutgers cannot "float" all of the indirect costs it would likely lose coverage for, nor could it float NSF grants with a 15% cap to indirect cost recovery, so some research projects would need to be terminated altogether. Others would need to be scaled down or pared back significantly. Identifying these cuts would need to begin immediately, and layoffs, closures, and research pauses or contractions would follow soon thereafter. Cutting back on Rutgers's research in fields such as biology, chemistry, physics, mathematics, materials research, advanced computing, and AI will also have long-term implications on national security and the American economy.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 7, 2025, at New Brunswick, New Jersey.

Signed by:

*Michael E. Zwick Ph.D.*

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